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State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

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DATE: April 2, 2007

TO: Minerals Regulatory Program

THRU: Mary Ann Wright, Associate Director – Mining MAW initial

THRU: Susan M. White – Mining Program Coordinator SMW initial

FROM: Beth Ericksen – Mining Engineer BE initial

SUBJECT: 2007 Reclamation Surety Costs for Small Mining Operations and Exploration Including Small Mine Three and Five Year Escalation

The reclamation surety amounts of \$5250 for the first acre and \$3150 for each additional acre calculated for the year 2006 was an average cost to reclaim sites with similar attributes (i.e. no structures, leach pads). Costs are escalated annually to allow for inflation using the Average Means Historical Cost Index for Site Construction, National Average, based on a previous three (3) year average.

Exploration Notices

| Year | First Acre | Each additional acre |
|------|------------|----------------------|
| 2007 | \$5400 | \$3400 |

| Project Size (Acres) | Surety (\$ Amount-2007) | Comments |
|----------------------|---|--|
| 1 or less acres | \$5400 (includes \$2000 mob/demob charge) | Minimum surety required |
| Each additional acre | \$3400 per acre (No restriction on acreage) | Partial acreages are rounded up to next highest # (no maximum \$ amount) |
| Drilling (dry) | \$200.00 | In addition to above costs |
| Drilling (wet) | \$5000 mobilization charge plus \$4.50 per foot | In addition to above costs |

Small Mining Operation Notices

| Project Size (Acres) | Surety 3 & 5 year escalation | Comments |
|--------------------------------|--|---|
| 1 or less acres | \$5900 (3-year escalation) \$6300 (5-year escalation) | Minimum amount required |
| Additional acres up to 5 acres | \$3700/ acre (3-year escalation) \$4000/acre (5-year escalation) | Partial acreages rounded up (e.g., 1.2 acres = 2 acres) |
| Cumulative Amount for 5-acres | (i.e. Maximum of 5 acres = \$5900 + \$14800 = \$20,700) (3-year escalation) (i.e. Maximum of 5 acres = \$6300 + \$16000 = \$22,300) (5-year escalation) | \$1600.00 difference between 3 and 5 year escalation amount for 5- acres of disturbance. |

These costs will be RELEASED and implemented annually April 1.